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STATE FOR NEA/ELA, NEA/RA, EB/TPP/ABT
USAID FOR ANE/MEA MCLOUD AND DUNN
USTR FOR SAUMS
TREASURY FOR NUGENT AND HIRSON
COMMERCE FOR 4520/ITA/ANESA/OBERG

E.O. 12958: N/A

TAGS: ECON EAID ETRD EAG EG

SUBJECT: RUMORS CONTINUE ABOUT SHIPMENT OF U.S. WHEAT

REF: CAIRO 1834

Sensitive but unclassified. Please protect accordingly.

Spanish Firm Buys Wheat Rejected by Egypt...

¶1. (U) The Egyptian media reported on June 28 that the Ministry of Trade and Industry had received a "refund" of the cost of a 62,000 ton shipment of U.S. wheat that was denied entry into Egypt by the Egyptian Quarantine Authority because of alleged insect infestation (reftel). The report quoted Minister of Trade and Industry Rachid as saying that the ministry had received \$13 million for the shipment, the original cost of the wheat, from the Alfred C. Toepfer International Company, a German firm that supplied the consignment. Contacts at the Ministry of Trade confirmed that the wheat had actually been resold to a Spanish firm for the same price as the GOE paid. The wheat arrived in Spain on July 4, but according to information available to FAS Cairo, has not yet passed inspection and been allowed into Spain.

...but Rumors Continue

¶2. (U) Despite repurchase of the wheat by a Spanish firm, rumor continues in the Egyptian media about the allegedly infested wheat, repeating claims that it was "cancerous." On July 5, the Muslim Brotherhood website posted an unattributed report claiming that some of the wheat had been allowed into Egypt for "industrial" purposes, eventually making its way to the Egyptian consumer. The posting claimed that the wheat was infected with the "Alpha toxin fungus," which causes cancer, and that wheat importers, "whether from the government or private sector" resorted to "tricks and twisted methods" to allow the wheat into Egypt. The report claims that the Quarantine Authority found "drugging seeds," fungus, "woodworms" and poisons upon inspecting the wheat.

Ulterior Motives?

¶3. (SBU) Before the wheat was re-sold to the Spanish firm, a U.S. Federal Grain Inspection Service (FGIS) official traveled to Egypt to witness re-fumigation of the wheat. Upon inspection of the vessel containing the wheat, the FGIS official found no insects, dead or alive, in the wheat. If the claims of the Egyptian Quarantine Authority were true, the insects found in the wheat would

have multiplied and would have been immediately apparent upon inspection of the vessel holds containing the wheat. Despite the inconsistency of the Egyptian Quarantine Authority's findings and those of the FGIS official, the wheat was re-fumigated before being re-exported to Spain.

¶4. (SBU) Theories abound on the motivations behind the media's fixation with this story. One theory posits that the story was created by a rival firm intending to discredit the Alfred C. Toepfer International Company, which sold the wheat to the Ministry of Trade and Industry. Other observers speculate that the story was intended to discredit Minister of Trade and Industry Rachid, as rumors swirl about his being named Egypt's next prime minister. By tying him specifically to the U.S., those responsible for the rumors capitalize on anti-U.S. sentiments, currently running high in Egypt. Moreover, the allegation that the Ministry of Trade and Industry made a mistake in purchasing such an important commodity casts aspersions on Rachid's competence and concern for the average Egyptian.

Embassy Response

¶5. (SBU) FAS will draft a letter to the Egyptian Quarantine Authority protesting GOE handling of this matter. The Quarantine Authority did not use standard communication channels with USDA for handling disputed agricultural imports. A Quarantine Authority official initially informed FAS Cairo that the USDA certificate accompanying the wheat would not be stamped "Refused." Without informing FAS, Quarantine officials did, in fact, stamp the certificate "Refused" before the shipment left Egypt.

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